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EUROPE

2. ITALY: Direct action by Italian Communists believed improbable—US Embassy Rome reports that its most reliable information points to a Communist policy of strikes and minor disturbances for the present and not direct action. The Embassy believes that immediate Communist policy will be to make every effort to hold the Italian General Confederation of Labor (CGIL) together under Communist domination and to press for representation in the new government through the CGIL on the grounds that labor must be represented. The Embassy also transmits "responsible reports" that several large groups of Communist partisans have been demobilized.

The Military Attache in Moscow reports that the results of the Italian elections have elicited no strong Soviet reaction. The MA comments that the weak propaganda reaction, coupled with the failure to take any dramatic action prior to the elections, suggests that the Kremlin (a) has written off Italy temporarily; and (b) may lessen its overt expansionist effort in western Europe in order to permit aroused anti-Communist sentiment to subside. US

to permit aroused anti-communist State Dept., DIA reviews completed	Document No. 621	
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Approved For Release 2007/03/07 : CIA-RDP78-01617A006000050057-5 **TOP SECRET**

Embassy Belgrade reports that the tone of the Yugoslav press indicates pained disappointment and bitterness but that the articles do not appear to be those which might have been expected "if the Yugoslav Government were planning, or confictioning the people for, some form of direct intervention."

GERMANY: Reported Soviet plans for eastern German retime—
Headquarters of the European Command in Frankfurt believes
that if the Kremlin resorts to positive action in Germany shout
May, the USSR will probably establish an eastern Germa: 3cvernment with the four powers remaining in Berlin but inoperative as a controlling or governing element. The Headquarters
has received reports substantiating this conclusion; one such
report suggests that Soviet officials have decided to unify the
Soviet Zone on 1 May 1948 under a central government which
will be composed of prominent individuals in the Peoples' Council of the Peoples' Congress. The Headquarters expects the
USSR to give greater recognition and additional support to the
Peoples' Council as a possible replacement for existing political
parties in the Soviet Zone.

(CIA Comment: CIA believes that the USSR may utilize "May Day" as an occasion for accelerating its efforts to entiblish a provisional government in the Soviet Zone, and that such action would be accommended or preceded by increased Soviet pressure on the western powers in Berlin.)

PAR EAST

4. KOREA: Anticipated election disorders—General Hodge expects that Communist—led disorders immediatedly prior to and during the 10 May South Korean elections will equal or surpass those during February. Hodge estimates that there will be some violence on 1 May and an all out uprising during 8-10 May. He believes that the police will be able to control situation.

5. FRENCH INDOCHINA: French position weakening—The Us Assistant Naval Attache in Bangkok quotes the French Chief of General Staff in Indochina as declaring that a minimum of sifty additional battalions is required for further effective military action. The Naval Attache notes that the departure from Indochina of the Chief of Staff and certain troop commanders leaves the French Army in Indochina "virtually directionless." He adds that the projected return to France of two able civil officials will increase the existing shortage of experienced personnel in key civil positions. US Consul General Saigon reports that High Commissioner Bollaert apparently has so far been unable to bring together Ho Chi Minh and Bao Dai representatives in Hongkong.

(CIA Comment: CIA believes that the cumulative effect of these developments will strengthen Ho Chi Minh and may enable the Viet Minh further to consolidate its military and political position. The French might consequently feel justified in requesting US or UN mediation.)

THE AMERICAS

6. COLOMBIA: Possibility of post-conference instability—US Embassy Santiago has learned that the Chilean Ministry of Foreign Affairs has received "disquieting reports as to the stability of conditions in Bogota, with the possibility of further trouble as soon as the conference adjourns."

US Embassy Bogota has been informed that oil workers in the Barranca Bermeja area (near Bogota) have returned to work and that oil production is now approaching two-thirds normal and the present deficiency is caused by mechanical difficulties, not sabotage.